File Copy

May 27, 1965

Thad Tercyak
cc: Ray Rothermel

Sumner Hoisington

Washington Park Analysis

"TAX BASE ANALYSIS" ← Title from folder it was in.

The purpose of this memo is to relate the findings reported in the recently completed "before and after" study of the approximately 1400 acquisition parcels to the total Washington Park program.

It is assumed that:

1. Rehabilitation activity will not contribute significantly toward increasing total taxable assessed value in the project, but will be an effective measure in leveling out the downward trend experienced during the past several years.

2. The area comprising Ward 12 is a valid proxy for the actual project area. This Ward is in fact somewhat larger than the project, but since assessed values are not given on a precinct basis, and since the area is relatively homogenous in character, this assumption seems warranted.

3. The assessment impact of private developments not directly related to and associated with the Urban Renewal project cannot be reliably estimated at this point in time.

Given these assumptions, the completed Washington Park project will record:

1. a loss of approximately 2.8 million dollars in taxable assessments. When compared to the 1961 assessment of approximately 28.6 million dollars, this represents an approximate 10 percent decline.

2. a loss of approximately 283,000 dollars in the total tax bill. This represents a decline of approximately 10 percent from the comparable 1961 figure of approximately 2.9 million dollars.

COMPARISON OF BEFORE AND AFTER ASSESSMENTS
AND TAX BILLS IN WASHINGTON PARK
(Ward 12)(1)

	1961 $(000)	After Completion of Project $(000)	Change Absolute $(000)	Change Percent
Taxable Assessed Value	28,561	25,803	-2,758	-9.7
Total Tax Bill	2,873	2,584	- 283	-9.9

(1) It is not possible to reasonably estimate total assessed values, or tax receipts for this area without more information than we now possess on exempt property and abatements.

As indicated in the list of assumptions, this comparison does not take into account private investment which may be undertaken in the area. Conceivably, the renewal program could generate enough private investment to more than compensate for the net losses estimated above.

TREND OF TAXABLE ASSESSED VALUES: WARD 12

1944	$29,259,500
1950	$30,286,100
1955	$30,349,100
1960	$28,902,900
1961	$28,561,100
1964	$24,724,200

Our computations assumed that the decline in assessments after 1961 would be due primarily to project acquisitions. It further assumes that rehabilitation and general upgrading of property will prohibit further decline, and, therefore, that the 1961 figure was a valid base upon which to compute the before and after estimates.

June 9, 1965

Thad Tercyak
cc: Ray Rothermel

Sumner Hoisington

Additional Statement on Washington Park Tax Base Analysis

It was pointed out in a memo dated May 27, 1965 that the assessment impact of private developments not directly related to and associated with the Urban Renewal Project could not be reliably estimated at that point in time. Since then, however, this information has become available.

The housing development to be constructed at 315 Walnut Avenue by Development Corporation of America will consist of 77 units of 221d3 housing. The monthly rent in these units will range from $85.00 for an efficiency unit to $115 for a two-bedroom apartment giving an estimated annual gross income of $92,220. Based on a tax rate of 15% of annual gross income, the city will collect $13,800 annually from this development; and given the current tax rate of $99.80 per thousand, the development will have an assessed value of $138,300.

The second development which will be a nursing home at 125 Townsend Street is scheduled to have a capacity of 126 beds. Based on an assessment of $1500 per bed, the taxable assessed value of this development will be $189,000. Given this assessment based on the current tax rate, the city will collect approximately $18,900 annually.

These two private developments combined will add approximately $327,300 to the city's tax base and approximately $32,800 in tax revenue. Thus, when these figures are incorporated into the final estimates already reported, the Washington Park Project will record a loss of approximately $2.5 million in taxable assessments, which still represents an approximate 10% decline over the figures recorded in 1961. The loss on the total tax bill will now be approximately $250,000; compared to the comparable 1961 figure this represents an approximate 10% decline.

The figures shown above for the two private developments assume no demolition of formerly tax-producing property was necessary in order to make space available for these developments.

[illegible]

[illegible]

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[illegible]

[illegible]

[illegible]

[illegible]

May 25, 1965

Thad Tercyak/Washington Park Project Director

Sumner Hoisington/Research

"Before-After" Analysis: Washington Park

Attached is the completed two-volume report on the Washington Park Project's impact on the city's tax base requested by you in a memo dated December 18, 1964. As we discussed earlier, the delay has been due to the amount of detail incorporated into the report. We both agreed that since we were not duplicating any previous effort this detail was desirable.

The statement accompanying the reports provides the essential summary information on the 28 taxable development sites and the 49 non-taxable sites. For specific information on any given site, you should refer to the proper volume.

The net result of all BRA plans, excluding rehabilitation, in Washington Park is estimated as a loss of approximately 2.7 million dollars from the tax base and a loss of approximately 267,000 dollars in tax revenue due. These figures result from a comparison of the 1961 recorded data on all acquisition parcels with estimates of comparable data after the project has been completed.

As indicated in the summary statement, these figures do not take into account the city's loss of revenue during the years between acquisition and completed development. On the other hand, neither do they include a monetary estimate of the social benefit from the many non-taxable developments which, from a tax base viewpoint, succeed only in reducing the city's base by an amount equal to the "before" assessment.

The summary statement does not pretend to be a detailed analysis of the implications of these findings; this should be a separate study if it is deemed desirable. The statement does, however, discuss briefly some of the variables that would have to be considered in any serious and valid economic study of this particular project.

If you have any questions on this material, I will be happy to sit down with you in order that we may discuss it.

June 15, 1965

Thad Tercyak
cc: Ray Rothermel

Sumner Hoisington

Revised Summary Statement of the Washington Park Analysis

Attached are Pages 2 and 3 of the SUMMARY STATEMENT OF THE BEFORE AND AFTER ANALYSIS OF THE WASHINGTON PARK DEVELOPMENT SITES, which have been revised in light of the availability of information on the two private developments taking place without urban renewal in the Washington Park area.

Exempt Parcels

Prior to the undertaking of Washington Park Project, there were a total of 134 tax exempt parcels within the project boundaries. These parcels are noted on the attached table by individual development site. According to the development plan and the information available to us, there will be approximately 557 exempt parcels when development in Washington Park is complete. It is clear that this change in tax -exempt parcels has been necessitated by the large number of public facilities, schools, churches, YMCA's, etc., as noted in my previous memo. These facilities were not available to the residents of Washington Park prior to urban renewal activity, and the social benefits deriving from their construction can reasonably be said to outweigh the loss that the city is experiencing in taxable property.

Sites	Tax Exempt Parcels "Before"	Tax Exempt Parcels "After"	Total No. of Parcels
A-1	4	0	5
(A-2	0	0	12
(A-3	0	0	5
A-4	0	0	8
A-5	1	0	2
B-1	6	0	24
(B-2	1	0	38
(C-1	14	0	71
(E-4	0	0	9
(F-4	0	0	12
B-3	19	0	125
C-2	4	0	62
C-3	8	0	50
C-4	6	0	36
C-5A	14	0	74
C-5B	5	0	17
D	0	15	15
D-1	0	11	11
(E-1 (E-2	1	0	1
F-1A	12	0	100
F-2	0	0	13
F-3	1	0	41
F-5	0	7	7
F-6	0	11	11
F-7	0	2	2
F-8	0	1	1

SUMMARY STATEMENT OF THE BEFORE AND AFTER
ANALYSIS OF THE WASHINGTON PARK
DEVELOPMENT SITES

Introduction:

This summary statement relates the findings of a detailed, two-volume, site by site analysis of the "before and after" effects of the development sites in the Washington Park Project.

Volume I and Volume II contain information on taxable development sites and non-taxable development sites, respectively. For <u>each parcel acquired or to be acquired within any given development site</u>, information is presented relative to the:

1. Owner, address, BRA parcel number, assessor's parcel number, ward, and block number,
2. Total assessed value, assessed value of land, and tax-exempt status as of 1961, and,
3. Total tax levy in 1961, abatements, tax receipts, and delinquencies.

In addition, we have estimated for <u>each development site</u> after construction is complete:

1. The total and taxable assessed value, and
2. The total tax levy, and tax receipts based on current tax rate of $99.80.

The last page of each section contains a "before and after" summary table for the relevant development site comparable to those tables presented below in this statement.

The estimates in all cases are based on the latest available information relative to proposed acquisitions(1), type of proposed

(1) The parcels to be acquired are those so indicated on the Washington Park acquisition map with the exception of 9 parcels adjacent to Site F-3 which are included though they were not originally scheduled for taking. The present report does not take account of the remaining 42 parcels which were acquired as reported in Washington Park Memo #R24PE-1432 dated March 8, 1965.

development, rent schedules, and tax agreements. Where no commitments have been made, or in cases where no discussions have even been held, estimates were made on the basis of our best judgments drived from discussions with responsible city and agency personnel.

The format of this study is such that as new information becomes available for any given site, the estimates can be revised and updated simply and without unnecessary confusion.

Findings:

On a before (1961) and after development basis, the development sites in the Washington Park project will record a net loss of approximately 2.8 million dollars in taxable assessed values, and 283 thousand dollars in the total tax levy. In terms of the total project area this represents a decline of approximately 10% in both taxable assessed values and tax levies from the comparable 1961 figures as derived from Assessors' and Collectors' records.

It should be noted, however, that this Washington Park Urban Renewal Project is providing residents of the area a significant number of services by tax-exempt facilities not previously available. For example, within the boundaries of the project area there were a total of 134 tax-exempt parcels in 1961 compared to 557 exempt parcels when the project is finally completed. It is not unreasonable to suggest that the social benefits to be derived from this type of construction will outweigh the loss in taxable property that the city is experiencing.

In addition, it should be noted that private investment in this general area has been at a complete standstill for several years. There is every reason to anticipate that as a result of our efforts, private investors will again look to Washington Park as a potential area for the construction of all types of facilities as once was the case. At the present time two developments, one consisting of 77 units of 221(d3) housing on Walnut Avenue and the other a nursing home on Townsend Street, are nearing construction. These two developments will add approximately 327,300 dollars to the city's tax base and approximately 32,800 dollars in tax revenue. While these two undertakings do not significantly reduce the loss noted above within the project area, we can expect that future private development will continue and that as a result there will be a significant expansion of the tax base.

It should be particularly noted that the following comparisons of assessments, tax bills, tax revenue due and tax receipts relate only to the approximately 1400 parcels acquired within the project area, and do not reflect percent changes relative to the total project. It should also be noted that this two-volume analysis makes no estimate of the impact of the extensive rehabilitation activity which forms such an integral part of the overall project plan or of private investment not directly related to the urban renewal program, but in all likelihood generated by it.

Table I, below, presents the absolute figures and the absolute and percent changes (based on comparable 1961 figures for several relevant variables). As indicated in the table footnote(1), these figures relate to all 77 development sites, both taxable and non-taxable, including the -S- sites which represent property line adjustments for street widenings, etc.

In addition, it should be noted that private investment in [illegible] [illegible] has been at a [illegible] [illegible] for [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] for the construction of all types of facilities in [illegible] [illegible]. At the present time two developments, the completion of [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]. These two developments will [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible].

It should be particularly noted that the [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible].

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TABLE I

BEFORE AND AFTER SUMMARY
(Combined Taxable & Non-Taxable
Development Sites)(1)

	Before(2)	After(2)	Net Change Absolute(2)	Net Change Percent
	$(1961)		$	%
Taxable Assessed Value(3)	6,404,800	3,646,600	-2,758,200	-43.1
Total Tax Bill	655,900	372,800	-283,100	-43.2
Abatements	16,500	0	- 16,500	-100.0
Tax Revenue Due	639,400	372,800	-266,600	-41.7
Tax Delinquency	94,400	20,100	- 74,300	-78.7
Tax Receipts	544,900	352,600	-192,300	-35.3
Delinquency as Percent of Tax Revenue Due	14.76%	5.40%	-9.36%	-63.4
Tax Receipts	544,900	372,800	-172,100	-31.6
Delinquency as Percent of Tax Revenue Due	14.77%	0%	- 14.77%	-100.0

(1) Includes all development sites: (A-1)(A-2,A-3)(A-4)(A-5)(B-1)(B-2,C-1,H-4,F-4)(B-3)(C-2)(C-3)(C-4)(C-5A)(C-5B)(D)(D-1)(E-1,E-2)(F-1A)(F-2)(F-3)(F-5)(F-6)(F-7)(F-8)(G-1)(G-2)(G-3)(G-4)(G-5)(H-1)(H-2)(H-3)(H-6)(H-7)(H-8)(H-9)(H-10)(H-11)(I-1)(I-2)(I-3)(I-4)(I-5)(I-6)(I-7)(J-1)(J-2)(J-3)(J-4)(J-5)(J-6)(J-7)(J-8)(S sites and the East-West Highway)

(2) Figures have been rounded to the nearest hundred.

(3) No attempt has been made to estimate total assessed value on these combined taxable-non-taxable sites since valuation figures for the non-taxable sites are likely to be arbitrary entries for bookkeeping purposes. The more important figure is that for taxable assessed value.

Taxable Development Sites:

The 28 development sites which will be taxable (including the D sites where the BHA will make a payment in lieu of taxes) will show a net gain of approximately $482,000 in taxable assessed value, and $63,000 in tax revenue due. This represents a gain of 15 percent and 20 percent respectively over the figures recorded in 1961.

It should be noted (see Table II) that the increase in taxable assessed value on these sites is due to the 87 percent decline in exempt property valuation, rather than to a net increase in total valuation. In 1961, the parcels which comprise these sites were valued at $3,850,000 with approximately $686,000 of this being exempt. The only exemptions in the new developments are the BHA sites ($88,200) (D and D-1); since they will make a payment in lieu of taxes they are included here.

Tax receipts will show an increase of $91,000 (35 percent), or $112,000 (43 percent) depending upon whether we assume a city-wide average or zero tax delinquency rate.

TABLE II

BEFORE AND AFTER SUMMARY
(Taxable Development Sites)(1)

	Before(6) $(1961)	After(6) $	Net Change(6) Absolute $	Net Change(6) Percent %
Total Assessed Value	3,850,300	3,734,800	-115,500	-3.0
Exemptions(2)	686,100	88,200(5)	-597,900	-87.2
Tax. Assessed Value	3,164,200	3,646,600	+482,400	+15.2
Total Tax Bill	318,300	372,800	+ 54,500	+17.1
Abatements(2)	8,000	0	- 8,000	-100.0
Tax Revenue Due	310,300	372,800	+ 62,500	+20.2
Tax Delinquency	49,100	20,100	- 29,000	-59.0
Tax Receipts(3)	261,200	352,600	+ 91,400	+35.0
Delinquency as Percent of Tax Revenue Due(3)	15.82%	5.41%	- 10.41%	-65.8
Tax Receipts(4)	261,200	372,800	+111,600	+42.7
Delinquency as Percent of Tax Revenue Due(4)	15.82%	0	- 15.82%	-100.0

(1) Includes: (A-1)(A-2,A-3)(A-4)(A-5)(B-1)(B-3)(B-2,C-1,H-4,F-4),(C-2)(C-3)(C-4)(C-5A)(C-5B)(D)(D-1)(E-1,E-2)(F-1A)(F-2)(F-3)(G-1)(G-2)(G-3)(G-4)(G-5) (The D sites are scheduled for elderly housing, but is included here since the BHA will make payments to the city in lieu of taxes.)

(2) Tax abatements and exemptions for the residents of the new development are an unknown quantity, to the extent that these are approved, the "after" taxable assessed value and tax revenue due and tax receipts will be reduced.

(3) Assumes that a factor for "uncollectable taxes" is applicable to the new developments. In each site, excluding the D sites and the G sites, the factor applied is equal to 5.762 percent; in the excluded sites no factor was applied, thus accounting for the overall average of 5.41 percent.

(4) Assumes that no delinquency factor is applicable to the new developments and that all taxes will be paid. In the individual site fact sheets, this assumption was not made, but can easily be incorporated if desirable.

TABLE II (Cont'd)

(5) The plan calls for the construction of federally-assisted housing for the elderly on the D sites. These sites will be completely exempt; however, the BHA will reimburse the city with a payment in lieu of taxes, and this payment is included in the tax revenue due figure.

(6) Figures have been rounded to the nearest hundred.

TABLE III

BEFORE AND AFTER SUMMARY

(Non-Taxable Development Sites)(1)

	Before(3) $	After(3)	Net Change Absolute(3) $	Net Change Percent %
Total Assessed Value	4,100,600	-(2)	-	-
Exemptions	860,000	100%(2)	-	-
Taxable Assessed Value	3,240,600	0	-3,240,600	-100.0
Total Tax Bill	337,600	0	-337,600	-100.0
Abatements	8,500	0	-8,500	-100.0
Tax Revenue Due	329,100	0	-329,100	-100.0
Tax Delinquency	45,400	0	- 45,400	-100.0
Tax Receipts	283,700	0	-283,700	-100.0
Delinquency as Percent of Tax Revenue Due	13.78%	0	-13.78%	-100.0

(1) Includes (F-5)(F-6)(F-7)(F-8)(H-1)(H-2)(H-3)(H-6)(H-7)(H-8)(H-9)(H-10)(H-11)(I-1)(I-2)(I-3)(I-4)(I-5)(I-6)(I-7)(J-1)(J-2)(J-3)(J-4)(J-5)(J-6)(J-7)(J-8)(S sites and East-West Highway)

(2) No attempt has been made to estimate total assessed value for the non-taxable developments, since the figure is likely to be an arbitrary one for bookkeeping purposes. As indicated, all assessments on the sites will be exempt from property taxation.

(3) Figures have been rounded to the nearest hundred.

Conclusion:

For one who is not a partisan supporter of the "tax base" criterion for judging the feasibility of neighborhood projects, these figures will not be particularly alarming. Clearly, the point can be made that given these figures, the city will never recover this loss in assessed valuation on this particular acreage. In addition, when we take into consideration the loss of revenue during the intervening years between taking and completion of development the loss becomes more significant. However, these facts by themselves do not constitute sufficient reason to condemn the project. Such an argument ignores the fact that:

1. assessed valuations in this area (Ward 12) have declined steadily over the past several years. Between 1955 and 1960 there was a loss of nearly $1.5 million in real estate valuations, a decline of nearly five percent.

2. new construction has been virtually non-existent throughout Washington Park for many years.

3. the Boston banking community has studiously avoided the area, and the private realtors have incorporated a very high risk factor into their computations.

4. the structural condition of the buildings and general health standards in the area were far below any acceptable standard, and

5. the area had basic strengths and characteristics which, if released and encouraged, could return this section of the city to a viable neighborhood community.

In addition, a valid economic analysis of this project has to place some monetary value on the social benefits to be derived from the tax-exempt facilities planned for the area. Clearly the social value of a new YMCA Community Center is greater than the private cost of construction or the

market value of the facility. The same can be said for the new Boys' Club, Social Center, Schools, Health Unit, church expansion, libraries, parks and recreation areas.

Furthermore, extensive rehabilitation in the area will do much to reverse those trends noted above, and while difficult to quantify, the net effect will certainly be a benefit to the community.

Reduced health and welfare expenditures, along with lower costs of police and fire protection are additional social benefits which have to be taken into consideration.

Finally, the introduction of new, quality, low-income housing will have an impact on the community that cannot be measured merely by assessed values and tax receipts.

One of the problems of trying to place an economic value on these intangibles is that each person has his own concept of value, and there is no clear-cut measure of benefit and cost. In the final analysis, it will be years before we can definitely assess the full impact of urban renewal in Washington Park. If, as anticipated, the area does become viable again, and if our program acts as a catalyst on private investment throughout the area, then the present day tax subsidies and reduced tax base will prove insignificant in the long run.

market value of the facility. The same can be said for the new Boys' Club, Social Center, schools, Health Unit, church expansion, libraries, parks and recreation areas.

Furthermore, extensive rehabilitation in the area will go much to reverse those trends noted above, and while difficult to evaluate, the net effect will certainly be a benefit to the community.

Reduced health and welfare expenditures, along with lower costs of police and fire protection are additional social benefits which must be taken into consideration.

Finally, the introduction of new, healthy, [illegible] housing will have an impact on the community that cannot be measured merely by increased values and tax receipts.

One of the problems of trying to place an economic value on these intangibles is that each person has his own concept of values and hence a no consistent measure of benefit and cost. In the final analysis, it will no doubt balance as one individually accepts the full impact of urban renewal's [illegible] Washington Park. If, as anticipated, the area [illegible] again, and if the program acts as a catalyst to private investment [illegible] then the [illegible] will [illegible] in the long run.

CITY OF BOSTON

IN CITY COUNCIL

Coun. Diemonte.

ORDERED: That the Boston Redevelopment Authority be and is hereby requested to furnish the Boston City Council the following:

For Federally-assisted projects, as of December 31, 1965:

(1) Beginning with New York Streets, what was the total assessed valuation of properties removed from the tax rolls in each renewal project?

(2) What was the cost of acquiring the property mentioned in (1)?

(3) Similarly, what is the total new assessed valuation, project by project, that has been added to the tax rolls?

(4) What additional assessed valuations in each project will be removed and in what year do you estimate this will occur?

(5) What is the estimated cost of acquiring the property in (3)?

(6) What further new assessed valuations do you expect in each project and by what year do you estimate this will occur?

(7) For each renewal project approved by the City Council thus far, what does the City's commitment for the local share amount to in dollars, regardless of whether the share will be in the form of cash or public facilities/improvements?

(8) How much of this commitment has been actually spent in each project thus far?

(9) How many residential dwelling units have been eliminated in each project?

(10) How many new residential dwelling units have been built in each project?

(11) How many so-called 221-d3 dwelling units have been built in each project?

(12) How many residential dwelling units have been rehabilitated in each project?

(13) What is the amount of 112 credits that the Federal government has already approved? How have these been applied?